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CENTRAL INTELLIGENCE BULLETIN
4 MARCH 1972

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Central Intelligence Bulletin

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CYPRUS: President Makarios appears for the moment to be relying on public indignation to counter the recent call by the three bishops of the Cypriot Church for his resignation as President.

The House of Representatives gave a solid endorsement to Makarios yesterday. Massive demonstrations in favor of the Archbishop are being held and pro-Makarios elements have threatened the bishops with bodily harm. The bishops reportedly are under protective guard, and one of them has been advised not to return to his district.

The greatest danger is that the demonstrations will get out of control, giving Athens an excuse to intervene to restore order. [REDACTED] the Greek military contingent on the island is in "a high state of readiness." (SECRET NO FOREIGN DISSEM)

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PAKISTAN: Western aid donors tentatively have agreed to provide debt relief to Pakistan.

The 11 members of the Aid-to-Pakistan Consortium reportedly will permit Islamabad to defer a total of \$235 million through 30 June 1973, if certain economic reforms are introduced. The relief would reduce Pakistan's debt service obligations over this period by roughly 50 percent. It also would give tacit consent to the unilateral moratorium that Pakistan declared last April. Since then, Pakistan has withheld approximately \$100 million on debts to foreign governments.

The Western donors are demanding that Pakistan agree to devalue before they give official approval to the debt relief. The International Monetary Fund also is requiring the same commitment before it provides standby credits. Rumors of devaluation have been circulating throughout Pakistan for weeks, but this step probably will not be taken before April, when Islamabad hopes that the political situation will be more stable. In addition, the Consortium is encouraging Islamabad to tighten government spending and simplify foreign trade regulations. The Consortium indicated that once Islamabad introduces the reforms and prepares a realistic program for economic development, it can look forward to renewed aid and long-term debt relief. (CONFIDENTIAL)

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HONDURAS: A nationwide wave of protests over a peasant massacre two weeks ago threatens to intensify, and President Cruz' already weak position is being further eroded.

The incompetence of the Cruz administration, particularly of the National Agrarian Institute, is being blamed for the expulsion order that initiated police action and caused the loss of seven lives. Among those who believe the peasants were being unjustly ordered to leave land they had legally purchased are campesino groups, violence-prone students, and the major labor organizations, especially the powerful north coast federation.

This is the most recent example, and the first tragic result, of the confusion and lack of direction that exists throughout the Cruz government. Cruz, moreover, has done nothing to calm the national outrage; he has not even named the members of his promised official investigating commission. If the unrest increases, the pressure on Chief of the Armed Forces General Lopez to lead a coup will become greater. (CONFIDENTIAL)

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USSR: The Soviets have sold magnesium to the UK and West Germany at rates substantially below the world market price.

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The Soviets have sold magnesium to Volkswagen, the world's largest single consumer of that commodity, at an even lower price than to the UK. This is the first time Volkswagen is known to have bought Soviet magnesium directly.

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Soviet willingness to sell magnesium at low prices reflects Moscow's desire to dispose of a surplus of magnesium stocks that cannot be absorbed in the domestic economy. Moscow recently admitted that a glut had developed in the economy and that there is no coordinated program to correct the problem. (CONFIDENTIAL NO FOREIGN DISSEM)

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MOROCCO: King Hassan announced yesterday that he will dissolve the present government soon and appoint a caretaker regime. In his annual Speech from the Throne, delivered on the 11th anniversary of his accession to power, he also invited the opposition to participate in the new "government of national reconciliation" but apparently warned them that, at best, they would get only a few portfolios. For several months the King and the opposition have been discussing a reform program; the opposition abstained in the constitutional referendum on Wednesday because Hassan had not acceded to their timetable for reforms. The initial tasks of the new administration, whose powers are somewhat enhanced by the now amended constitution, will be to prepare for regional and local elections, followed by the selection of a new parliament on or about 1 June. Two thirds of the new parliament will be directly elected and the remainder chosen by the new regional and local assemblies and professional organizations.
 (CONFIDENTIAL)

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25X1X4

UGANDA: President Amin's rift with Israel may have an unsettling effect on the army, the government's uncertain prop. [redacted]

[redacted] Ugandan soldiers of southern Sudanese origin, [redacted]

[redacted] are unhappy with Amin's recent overtures to some Arab states. These troops, a major source of Amin's strength in the army, were recruited in large numbers by the President who, although a Muslim, is also of southern Sudanese origin. Uganda's Muslim soldiers, however, are reportedly spreading anti-Israeli sentiment in the army. The army has been an unruly force over which Amin has exercised little control. If unrest breaks out in the military, Amin, already troubled by a deteriorating economy, could find his position imperiled. (SECRET NO FOREIGN DISSEM)

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NIGERIA: The long-awaited "Nigerianization" decree, which the government issued this week, appears to be more moderate than was expected. Although 22 sectors of the economy are reserved exclusively for Nigerians and Nigerian participation will be required in 33 others, only about \$10 million of the \$800 million in foreign investment outside the oil industry appears to be affected. Most American investments are not affected. While all retail trade and some service and manufacturing industries are covered by the decree, much modern industry is not included and will presumably be left open to foreign ownership. Furthermore, even enterprises affected will have two years in which to arrange for Nigerian participation, and there is provision for exemptions, flexible administration, and right of petition for relief. (CONFIDENTIAL)

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FRANCE-US-DRUGS: The seizure of 439 kilograms of pure heroin by French customs officials on 1 March is the largest ever reported. The heroin was concealed in a 65-foot ocean-going fishing vessel operated by Louis Marce¹ Boucan, a 57-year-old French citizen. According to the press, the vessel had left Villefranche near the Italian border and was halted near Toulon. The US Bureau of Customs has confirmed that the ship had sailed to Miami at least twice since 1970; there are indications it was destined for Florida. The sale of this shipment in the US would have earned the French traffickers about \$4.5 million. (CONFIDENTIAL)

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